



August 7, 2015

AUG18'15 AM10:45 BOARD

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria VA 22314-3428

RE: Comments on the Proposed Rule on Member Business Lending Regulations

Dear Mr. Poliquin,

Seattle Metropolitan Credit Union (SMCU) thanks you for the opportunity to provide comments for the proposed Member Business Lending regulatory changes. We applaud the National Credit Union Administration (NCUA) for trying to embrace approaches and regulatory changes to help strengthen the credit union industry by allowing us to better serve our members through Business Lending. We also want to thank all three Board Members, Chairman Debbie Matz for championing the MBL reform effort, and Vice Chairman Metzger and Board Member McWatters for offering input that substantially improved the draft.

These proposed changes remove a host of prescriptive limits, definitions and waivers that will benefit both SMCU and its' members by allowing us to better serve our members business needs. Changes that SMCU believes will have significant positive impact include:

- a. The removal of the requirement for a personal guarantee.
- b. The limit on unsecured MBL's
- c. The restrictive definition of "associated borrower," and
- d. The proposed MBL limit increase to 25 percent of net worth, subject to additional requirements.

While we feel the revised Member Business Lending rule is a vast improvement over the previous version we do request reconsideration that the NCUA Board not make any adverse changes to part 741. Specifically part 741.203 that would eliminate an important state carve out. Currently there are seven states that have their own state-specific MBL rules, Washington among them. State-specific MBL rules helped the Northwest credit unions weather the 2008 Wall Street Banking crisis and proved how they excel in sound lending and risk management practices. State-specific rules allow state supervisory authorities to interpret a rule differently from the way that the NCUA interprets a section of the rule, even if the rule is substantially the same as the NCUA rule. Existing state-specific rules allowed for proof of concept and provided the NCUA a road map for improving MBL regulation.



This is an important issue to all credit unions - state chartered, federally chartered, and credit unions in states that do not have their own MBL rules, because all credit unions benefit from a regulatory environment that promotes innovation and ensures that the federal government does not preempt state authority.

As we previously stated, Seattle Metropolitan Credit Union is very supportive of many of the Member Business Lending proposed rule changes and believes these will support the credit union's growth objections while providing the opportunity to diversify the portfolio with a more balanced lending approach, which will improve the safety and soundness of the credit union.

Thank you again for allowing us to share our thoughts. If you have any questions please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Romero', is written over a light blue horizontal line.

Richard Romero
President / CEO
Seattle Metropolitan Credit Union
PO Box 780
Seattle, WA 98104
206.398.5562
Richard.Romero@SMCU.com